



The **10 LESSONS** *from* **GLOBAL TRADE** *and* **INVESTMENT PLANNING** *in* **U.S. METRO AREAS**

Changing global dynamics and emerging opportunities for long-term, sustainable growth make it imperative that U.S. metro areas engage globally as never before. To prepare local leaders for this challenge, this summary presents the 10 lessons that have emerged from the ongoing efforts of U.S. metros participating in the Global Cities Initiative (GCI) to develop and implement strategies for maximizing the benefits of exports and foreign direct investment (FDI). Regional leaders with an appreciation of these insights will be well-positioned to embrace new opportunities, confront challenges, and develop stronger global trade and investment plans that reflect 21st century market realities.



One of the main themes that emerged through GCI is that this opportunity forces economic development organizations—from industry associations to government agencies to public-private partnerships at the state, metro, and local levels—to re-imagine their roles. Firms are becoming increasingly intertwined in international markets, but state and local economic development efforts have not kept pace. Metro area

The goal of GCI is to catalyze a shift in economic development policy and practice that results in more globally competitive metropolitan areas and positions them for high-quality growth and better jobs for more workers. Metros participating in GCI recognize that globalization is changing the economic game for firms and places, that metro areas must take the lead as the drivers of the U.S. and global economies, and that now is the time to purposefully engage.

- **Why global:** Economic growth is shifting from the developed Western world to the Asia-Pacific region and other emerging markets. By 2030, two-thirds of the global middle class will live in the Asia-Pacific region.¹
- **Why metros:** The vast majority of the nation's economic activity takes place in metro areas, each of which is powered by unique industry clusters, assets, demographics, history, and geography.
- **Why now:** Rapid urbanization and globalization are happening today, and firms in all regions of the world are affected. U.S. economic competitors recognize this reality and are aggressively pursuing their own export and foreign investment strategies.

leaders who have engaged and attempted to move forward with global plans have soon realized that their economic development system is not structurally organized to act efficiently and effectively to capitalize on today's dynamics or to direct resources toward areas of greatest opportunity. Moreover, metro leaders face resource constraints and misallocations, as well as bureaucracies that prefer business as usual.

Progress on the global front, therefore, requires cultural, behavioral, and structural change in metro areas and more complex, strategic, and unified economic development approaches. Economic development organizations must earn the respect of local business, demonstrate how they add value, provide higher-quality services than in the past, and adopt new definitions of success that take into account the aspirations of firms. Jobs and investment may be the desired outcomes for metro areas overall, but economic development organizations must lay the groundwork to achieve success on those fronts through a focus on what firms themselves are trying to achieve. They must know local firms and understand the dynamics shaping their market position and outlook. Successful global initiatives also require engaged cross-sector leadership from government, business, and nonprofit sectors that are willing to champion new directions.

¹ Homi Kharas and Geoffrey Gertz, "The New Global Middle Class," (Washington: Brookings Institution, 2010).



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For U.S. metros committed to a more intentional global agenda of exports, foreign direct investment, and growth that is long term, sustainable, and shared, these 10 lessons can provide a framework for stepping onto the global economic platform:

1 The primary benefit of global trade and investment is increased competitiveness, not quick jobs.

Exports and FDI are critical to the long-term economic viability of firms, but the payoff in terms of employment takes time. The lack of “quick jobs” presents challenges to the structure of the existing economic development system.

2 The most important firms are the ones you already have.

The foundation of a strong global effort is an intense focus on local business retention and expansion.

3 FDI and exports are closely linked.

The strong interplay between FDI and exports means they are best implemented in tandem under a global umbrella, even though each requires a distinct approach.

4 Leading with real specializations opens doors for firms.

Clusters and geographic connections give firms a competitive advantage and typically form the basis of export and FDI strategies.

5 The middle market offers outsized opportunities.

Mid-sized firms represent the bulk of potential new global business activity that can be influenced by metros.

6 Mergers and acquisitions are the dominant form of FDI.

For foreign firms, M&As are the preferred way to secure new product lines, technologies, and markets.

7 Global engagement must be a demonstrated priority.

Metro areas, like firms, must institute intentional and committed international efforts to gain the full benefits of global markets.

8 Global commerce is driven by relationships and networks.

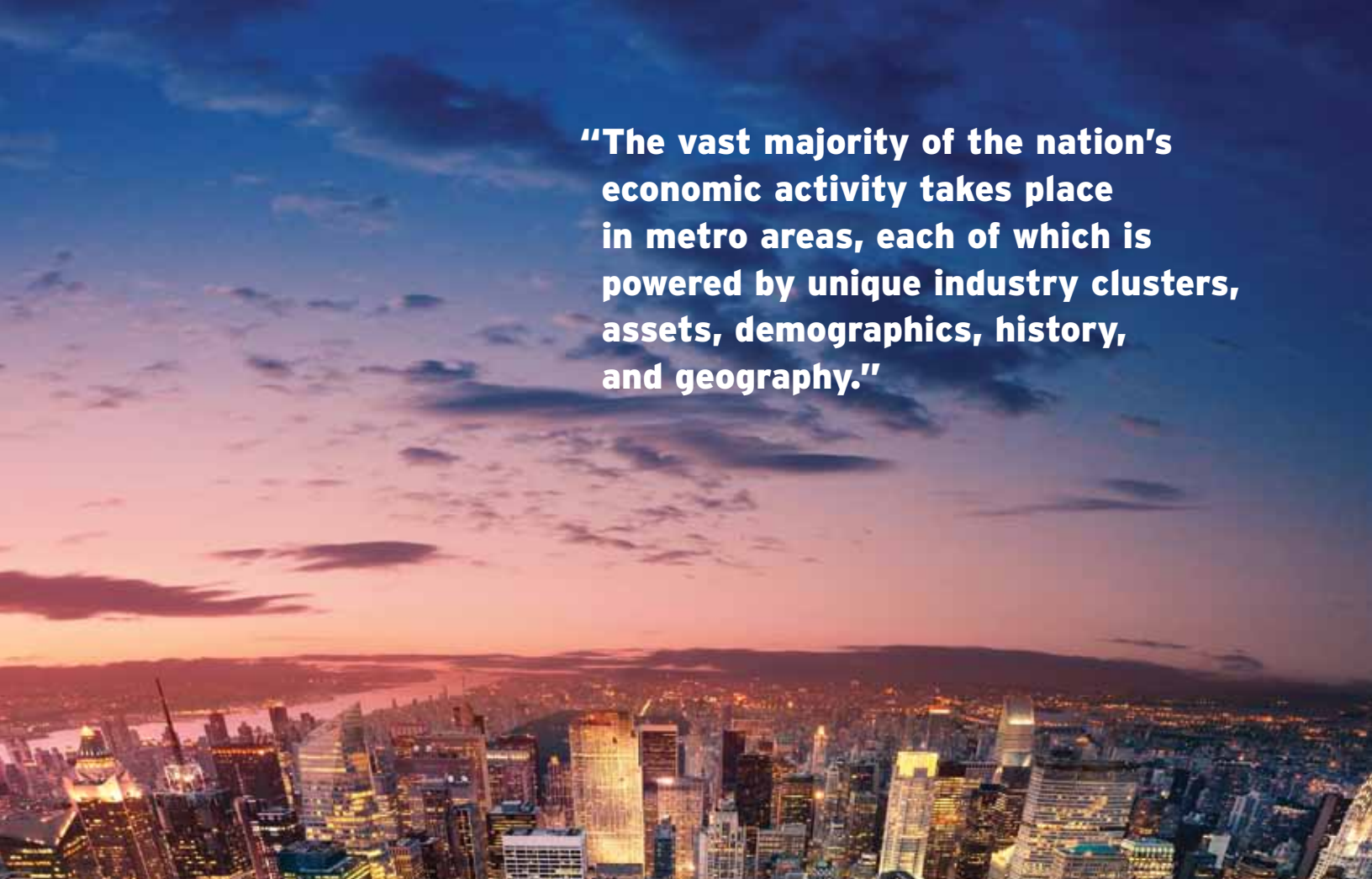
Metro areas generate value for firms by developing strategic relationships in high-potential foreign markets and by forming strong public-private and federal-state-local networks at home.

9 Metro areas are unsure of how to harness emerging forms of global capital.

Investors under the EB-5 visa program, venture capitalists, sovereign wealth fund managers, and individual investors offer new sources of capital for local priorities, but also bring risk and uncertainty.

10 Competing on a global scale requires metros to intensify efforts on other critical economic issues.

Workforce, infrastructure, and economic inequality are the issues metro leaders say are most pressing in coming years.



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The goal of the Global Cities Initiative is to catalyze a shift in economic development policy and practice that results in more globally competitive metropolitan areas, positioning them for high-quality growth and better jobs for more workers. GCI activities include producing data and research to guide decisions, fostering practice and policy innovations, and facilitating the Exchange, a peer learning network designed to drive creation and implementation of global trade and investment plans.

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